



**LA EQUIPMENT ACQUISITION FUND
(LEAF)**

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LOUISIANA EQUIPMENT ACQUISITION FUND (LEAF)

A self administered internally financed program established to provide state agencies the means to acquire equipment on an installment purchase basis. The equipment which may be financed includes those items which historically have been rented or leased and those equipment items historically placed in the bond portion of the Capital Outlay bill.

The eligible program participants are all budgeted state agencies contained within the General Appropriation and Ancillary Appropriations Acts; however, those state agencies not having existing financing mechanisms will be given first priority. Requests are handled on a first come first serve basis.

Following is a workflow diagram showing the step-by-step process of LEAF requests.

Further information about the LEAF program may be obtained by calling (225) 342-8062.

LEAF INSTALLMENT PURCHASE AGREEMENT

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LEAF INSTALLMENT PURCHASE AGREEMENT (CONTRACT)

I. PURPOSE

The LEAF Program's purpose is to establish a mechanism to continue to provide state agencies the means to acquire equipment on an installment purchase basis. The equipment includes those items which historically have been rented or leased and those equipment items historically placed in the bond portion of the Capital Outlay Bill.

II. DEFINITIONS

- A. **Louisiana Equipment Acquisition Fund (LEAF) Program:** Self administered internally financed program established to fulfill stipulated purpose enumerated above.
- B. **Leaf Installment Purchase Agreement (LIPA):** Agreement between Using Agency and LEAF detailing LEAF Program parameters and payment requirements.
- C. **Default:** Failure of Using Agency to pay debt requirements of program participation.
- D. **Property:** Means that property set out in the equipment schedule executed pursuant to and during the term of the LIPA between LEAF Program and Using Agency.
- E. **LEAF Program Administrator (Administrator):** Designee of Commissioner of Administration responsible for management of LEAF Program.
- F. **State Purchasing Office (SPO):** Unit of the Division of Administration responsible for evaluation and procurement functions of the LEAF Program.
- G. **Office of Finance and Support (OFSS):** Unit of Division of Administration responsible for financing activities of LEAF.
- H. **Using Agency:** Means that budget agency set out in the LIPA which will use the property being purchased.
- I. **Delivery and Acceptance Certificate:** Document completed by Using Agency acknowledging delivery and acceptance of goods or services. Forms the basis of:
 - 1) payment by LEAF Program for payment to equipment vendor,
 - 2) the basis for establishment of debt servicing schedules, and
 - 3) and addendum to any prior LEAF's entered into.

- J. **Amortization Schedule:** Repayment schedule generated by OFSS based upon receipt of completed Delivery and Acceptance Certificate, which forms basis for payment requirement to LEAF by the Using Agency.

NOTE: The amortization schedule forms the basis of monthly invoices for the Using Agency; therefore no subsequent invoice billings will be provided by the LEAF Program to the Using Agency.

- K. **Equipment Schedule:** Detail listing of equipment requested to be financed through LEAF Program on original LIPA submission.

III. **PROGRAM PARAMETER**

- A. **Program Issuance Capacity** - The program issuance capacity will not exceed \$30,000,000 million.

- B. **Program Financing Entity** - Louisiana Equipment Acquisition Program established within the Division of Administration.

- C. **Eligible Program Participants** - All budgeted state agencies contained within the General Appropriation and Ancillary Appropriation Acts; however, those state entities not having existing financing mechanisms will be given first priority. Requests handled on first come first serve basis.

- D. **Eligible Property** - Equipment and Solution Based Procurements including but not limited to computer hardware, copiers, electronics, medical diagnostic equipment, heavy duty equipment, vehicles, telecommunications equipment, cabling, software, etc.

- E. **Program Responsibilities** -

State Purchasing Office - monthly interest rate determination,
Using Agency - Request initiation/documentation preparation/
substantiation of need/debt payment,

State Purchasing Office - Submission review and evaluation/
bidding or procurement,

Office of Finance and Support - Verification of program fund
availability, amortization schedule preparation, billing,
collection and reporting,

Office of Budget and Planning - Review and approval as to agency fund
availability and current level programmatic necessity.

- F. **Basis of Evaluation** - Demonstrated need for equipment meeting eligible property criteria, and certification of funding availability by State Budget Office (if greater than \$50,000) and agency personnel.

- G. **Program Administrator** - All decisions regarding Using Agency submissions reside with the Program Administrator so delineated in II E of this document.

H. Rejection of Using Agency Participation Request - The LEAF Program reserves the right to reject any or all requests in whole or in part.

I. Submission of Using Agency Participation Request - An original and copy of the entire agency request must be delivered to: (Address for all other forms of delivery)

Office of State Purchasing
Claiborne Building – 2nd Floor
1201 North 3rd Street
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

J. Contact Personnel - Inquiries regarding submissions or pending requests should be addressed to:

Finance Manager
State Purchasing Office
(225) 342-8053 or Fax (225) 342-8688

Inquiries regarding payments, billings, etc., should be addressed to:

Director
Office of Finance and Support Services
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095
(225) 342-0700 or Fax (225) 342-2606

K. Inquiries - Inquiries are encouraged, but the LEAF Program will be bound only by written correspondence of the Program Administrator.

L. Execution of Leaf Installment Purchase Agreement (LIPA) - All participants shall execute a LIPA contract in order to be eligible for program participation, which must be signed by the Department Undersecretary and the Agency Head. Subsequent submissions under the LIPA are allowed with submission of an Equipment Schedule only which forms a part of the LIPA. The Equipment Schedule must be signed by the Undersecretary or the Agency Head.

IV. CONTRACTUAL TERMS AND CONDITIONS

A. Installment Purchase Procedure - The equipment and purchase price of the equipment will be selected through the appropriate bidding procedure under Louisiana law.

B. Interest Rate Determination - The State will set the current APR on the effective date of the contract and the beginning of each month as outlined herein.

The Federal Reserve H15- Constant Maturities will be the source to determine the APR. (www.federalreserve.gov/releases/h15) Each month, the first week “ending averages” for the 3, 5 and 7 year terms will be used.

The Current APR and the current H15 will be carried 2 decimal places.

The Current APR for each financing term shall be derived by multiplying the H15 Constant Maturities by the percentage of the H15 Index for each financing term.

For this program issuance, the percentage of H15 will be as follows:

36 month - 85 %

60 month - 85 %

84 month - 85 %

Example: To set the current APR for a 36-month term for July 15, 2003:

Current H15 Index = 1.67, Percentage of H15 = 85 %

Current APR = Current H15 Index X Percentage of H15

Current APR = 1.67 X 85 % = 1.42 %.

The Current APR for a 36-month term would be 1.42 % for this example.

NOTE: The Current APR will increase or decrease in accordance with the change in the Federal Reserve H15- Constant Maturities.

C. **Detailed Procedure:** To initiate participation, the Using Agency must submit the following to: (U.S. Mail delivery Address)

State of Louisiana
Division of Administration
Office of State Purchasing
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

- 1) A purchase/release order made out to the equipment vendor or a requisition for equipment to be bid. The order will state delivery and invoice to the Using Agency, but the body of the request shall contain the language:

"This order is to be paid for on behalf of the State of Louisiana by the Louisiana Equipment Acquisition Fund."

The purchase order or requisition AGPS header record should be set up with ANO@for accounting required, since this order will not be submitted to AFS. Therefore no RACG or OACG data is required.

- 2) An original and one copy of the Leaf Installment Purchase Agreement signed by the Undersecretary of the Department and the Agency Head.

After the Undersecretary's signature is obtained on the first transaction, only executed Equipment Schedules, signed by the Agency Head, are required for subsequent transactions.

- 3) An original and one copy of the Equipment Schedule signed by the Undersecretary or the head of the Using Agency.

Upon receipt of the above, the workflow detailed in Exhibit 1 will be utilized to request processing.

- 4) Upon satisfactory receipt of the equipment and invoice, the Using Agency shall execute a Delivery and Acceptance Certificate and forward the Certificate and original invoice to State Purchasing.

The agency is responsible for verifying that all information of description and prices are exactly as stated on the purchase order. Note that no invoice can be processed further until information is correct by matching the purchase order.

Also note it is imperative that Acceptance Certificate and Invoices be submitted as soon as possible in order to pay equipment vendors timely.

- 5) State Purchasing shall send the LEAF Program notice to pay the equipment vendor. The Current APR in effect for the transaction involved will be set as of the first business day of the month that the equipment was accepted and paid. The notice to pay shall consist of the following documents:

- (a) A copy of the Purchase/Release Order to the equipment vendor; and
- (b) Delivery and Acceptance Certificate; and
- (c) The equipment vendor's original invoice

In addition to the purchase price of the equipment, the LEAF Program will have the option to finance "soft costs" such as: delivery and installation charges, cable and wiring, etc. Soft cost are limited to 35% of hard acquisition costs. Higher soft cost limits may be approved at the discretion of the Program Administrator when it has been determined to be in the best interest of the state.

- 6) Within seven (7) calendar days of payment to the equipment vendor, the LEAF office will forward an amortization schedule to the using Agency. The amortization schedule shall establish the amount and due date of all payments to the LEAF Program.

(a) AFS AGENCIES

Included with the amortization schedule will be a request for coding authorization. The agency will provide the AFS coding to the LEAF office as soon as possible, but no later than five (5) days prior to the first scheduled payment date. The LEAF office will initiate the appropriate AFS payment documents, the coding provided will remain in effect for the remainder of the fiscal year, but may be changed by the agency by written request. The LEAF office will request coding prior to the start of the fiscal year for subsequent fiscal periods.

(b) NON-AFS AGENCIES

The LEAF office will invoice the agency, by way of a form letter, fifteen (15) days prior to the scheduled payment date. The agency will return payment to the LEAF office prior to the scheduled payment date. The LEAF office will deposit and classify payment to the fund and record the payment.

D. Title of Acquired Property - Title and ownership of the property and the right to use of software shall vest in the Agency upon acceptance of the property by the using agency.

E. Minimum Purchase Levels - The minimum amount to be financed on any transaction under this agreement will be \$5,000. In order to meet the \$5,000 minimum, one of the following guidelines shall apply:

- 1) A single piece of equipment meets the \$5,000 minimum.
- 2) The combining of purchase/release orders and/or items to meet the \$5,000 minimum may be allowed

The purpose of this LIPA is to provide financing on major equipment purchases for state agencies. The LEAF Program and/or Purchasing may at their discretion decline to finance equipment which does not meet the intent of the program.

F. Financing Term Length - Terms of installment purchases under this agreement shall be either thirty-six (36) months, sixty (60) months, or eighty-four (84) months. Eighty-four months are reserved for qualified telecommunications equipment only. The term of financing shall not exceed the economic life of the item or items being procured.

G. Non Progress Payment - The LEAF Program shall invoice the using agency for the payment in accordance with the amortization schedule generated by the Office of Finance and Support Services. Payments may be scheduled monthly, semi-

annually and annually. Prepayment of the entire amount at any time may be made by the Agency without penalty. However, payments will be processed **ONLY** on the 20th of the month. The last day to pay off a loan in any fiscal year will be **JUNE 20TH**.

- H. Progress Payments** - It may be expected that in certain projects, primarily telecommunication projects, the LEAF Program will provide progress payments to suppliers of goods or services. No more than three progress payments would be involved in any particular project prior to the acceptance of said project. Furthermore, the total percentage of a project to be involved in progress payments will not exceed 60 percent of that project's budgeted cost.

Each progress payment made by the LEAF Program will be amortized in accordance with the then existing interest rates, and repaid in the same manner as any other payment made by the Using Agency.

- I. Payment for Equipment as Received** - Under special circumstances, the LEAF Program may pay for equipment as it is received. The procedure will be identical to Progress Payments.

- J. Appropriation Dependency** - The continuation of this contract is contingent upon the continuation of an appropriation of funds by the Legislature to fulfill the requirements of the contract.
- K. Default** - In the event an agency is placed in default the title and full ownership of the equipment will revert to the LEAF Program. The LEAF Program will be empowered to take whatever action deemed necessary with our property to minimize Program loss.
- L. Late Payment** - Upon the occurrence of two (2) late payments during the financing term, the agency will be required to appear before the Legislature Budget Committee to explain its failure to make timely payments to the Program.
- M. Elimination From Program Participation** - The LEAF Program may eliminate agencies from participation for:
- 1) an agency in default of its obligations under an individual transaction,
 - 2) a pattern of delinquent payments,
 - 3) failure to maintain equipment,
 - 4) failure to maintain adequate insurance on the property, etc.
- N. Warranty** - The State shall contract with the equipment vendor for all equipment warranties, whether express or implied. The LEAF Program shall have no liability to the Using Agency with respect to the performance and condition of the property being purchased.
- O. Insurance** - The using agency shall maintain adequate property and casualty insurance on the property during the term of this agreement in an amount adequate to protect the LEAF Program, which amount shall be at least the current balance of the total amount financed. The agency shall obtain such insurance through the insurance program administered by the Office of Risk Management.
- P. Amendments** - This agreement shall only be amended in writing executed by the financing vendor and the Director of State Purchasing.

In witness whereof, the parties appear through their duly qualified representative who affix their signatures hereto as follows:

FOR DEPARTMENT:

DEPARTMENT UNDERSECRETARY

AGENCY HEAD

AGENCY/UNIT

DATE

DATE

FOR LOUISIANA EQUIPMENT ACQUISITION FUND:

AUTHORIZED SIGNATURE

TITLE

DATE

FOR STATE OF LOUISIANA:

DIRECTOR OF STATE PURCHASING

DATE

EQUIPMENT SCHEDULE

SUPPLEMENT TO THE LEAF INSTALLMENT PURCHASE AGREEMENT

The terms and conditions set forth in the Leaf Installment Purchase Agreement between Using Agency and LEAF apply to this transaction and are adopted here by reference as though set forth at length herein.

In connection with this request for the LEAF Program to provide financing for the requisitions/purchase orders listed below, _____
(using agency)
certifies that it has budget available to pay the current year amortization payment(s) and will do all things lawful within it's power to properly request and pursue funds to meet future amortization requirements.

<u>Date</u>	<u>Requisition #/ P.O./R.O. #</u>	<u>Description of Property</u>	<u>Purchase Price</u>
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TOTAL PURCHASE PRICE FINANCED _____

FINANCING TERM REQUESTED _____
(36, 60 or 84 months)

PAYMENTS TO BE MADE _____
(monthly, semi-annually or annually)

**APPROVED BY: DEPARTMENT UNDERSECRETARY
OR AGENCY HEAD**

AUTHORIZED SIGNATURE

TITLE

DATE

AMORTIZATION SCHEDULE

<u>Payment #</u>	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
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Payment indicates the payment amount.

Interest indicates that portion of the payment which is interest.

Principal indicates that portion of the payment which reduces the balance.

DELIVERY AND ACCEPTANCE CERTIFICATE

TO: LEAF PROGRAM ADMINISTRATOR C/O STATE PURCHASING

RE: INSTALLMENT PURCHASE AGREEMENT - PURCHASE ORDER NUMBER, (EQUIPMENT VENDOR)

In connection with the above referenced Installment Purchase Agreement and Purchase Order, we are pleased to confirm that:

1. All of the equipment has been delivered to and received by the undersigned; that all installation or other work necessary prior to the use thereof has been completed; that said equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and complies with all terms of the Installment Purchase Agreement. You are hereby authorized to pay for the equipment in accordance with the terms of the purchase order for the same, which has already been sent to you.

2. In the future, in the event the equipment fails to perform as expected or represented, the using agency will continue to honor the Installment Purchase Agreement in all respects and continue to make monthly installment payments and any other payment under the terms of said Installment Purchase Agreement. Using Agency will look solely to the seller, distributor, manufacturer, or any other party, other than the LEAF Program, for recourse.

3. Using Agency acknowledges that the LEAF Program is not the distributor, manufacturer nor seller of the equipment and has no control, knowledge or familiarity with the condition, capacity functioning or other characteristics of the equipment.

4. There will be no abatement or reduction of the periodic payments made by the Using Agency except as expressly provided in the Installment Purchase Agreement. It is the intention of the parties that the periodic payments be made in all events unless the obligations to pay such amounts are terminated as provided for in the Agreement.

5. The Using Agency shall maintain adequate property and casualty insurance on the property during the term of this agreement in an amount adequate to protect the LEAF Program, which amount shall be at least the current balance of the total amount financed. The Using Agency shall obtain such insurance through the insurance program administered by the Office of Risk Management

Delivery and Acceptance (continued):

This certificate supplements, but does not alter, construe or amend the terms of the Installment Purchase Agreement between the LEAF Program and Using Agency.

USING AGENCY

WITNESS

BY:

TITLE

WITNESS

DATE

Description of Equipment

Equipment Serial Number